

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 L-03 /053 W

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R 231807Z DEC 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 218

INFO ALL EC CAPITALS 1480

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E.O. 11652: N/A

TAGS: EIND, EEC

SUBJECT: EC COMMISSION APPROVES BRITISH GOVERNMENT AID TO CHRYSLER UK

REF EC BRUSSELS 11368

1. AT ITS MEETING ON DEC 22 THE EC COMMISSION APPROVED THE BRITISH GOVERNMENT'S AID PACKAGE TO CHRYSLER UK. IN JUSTIFYING THE DECISION, THE EC SPOKESMAN CITED THE ECONOMIC AND EMPLOYMENT PROBLEMS THAT WOULD BE CAUSED IN THE UK WERE CHRYSLER TO CLOSE DOWN. WE HAVE NOT YET RECEIVED A FULL REPORT ON THE DECISION BUT UNDERSTAND IT WAS BASED ON ROME TREATY ART. 92.3.C. WHICH ALLOWS AID "WHERE SUCH AID DOES NOT ADVERSELY AFFECT TRADING CONDITIONS TO AN EXTENT CONTRARY TO THE COMMON INTEREST." WE WERE TOLD THAT SOME COMMISSIONERS ARGUED THAT CHRYSLER UK WAS SO FAR FROM BEING COMPETITIVE WITH OTHER EUROPEAN CAR-MAKERS THAT BRITISH AID COULD NOT BE CONSIDERED AS ADVERSELY AFFECTING COMPETITION. REGARDLESS OF WHATEVER LEGAL JUSTIFICATIONS WILL BE ADVANCED, THE DECISION APPEARS TO BE ENTIRELY POLITICAL SINCE FUNDAMENTAL COMMISSION GUIDELINES ON STATE AIDS WERE ABANDONED. (SEE REFTEL.)

2. WE HAD BEEN TOLD THAT THE COMMISSION SERVICES HAD PROPOSED TO THE COMMISSION THAT IT HOLD A MEETING WITH REPRESENTATIVES OF THE MEMBER STATES TO OBTAIN THEIR OPINION ON THE BRITISH AID

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PACKAGE. CHRYSLER WOULD ALSO HAVE HAD TO ANSWER QUESTIONS EITHER

ORALLY OR IN WRITING. THIS PROCEDURE APPARENTLY WAS DISCARDED BECAUSE IT WOULD TAKE TOO LONG IN THE LIGHT OF THE FRAGILITY OF THE UK CHRYSLER AGREEMENT AND THE JAN 1 DEADLINE GIVEN BY CHRYSLER. A COMMISSION CONTACT SAID THAT ALTHOUGH ONE MIGHT IN GENERAL, DISCOUNT CHRYSLER UK'S COMPETITIVITY, CHRYSLER UK REPRESENTS 10 PERCENT OF THE UK AUTO MARKET. GREENWALD

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 DEC 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
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**Film Number:** D750446-0249  
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